

REMARKS BEFORE THE CALIFORNIA HOSPITAL ASSOCIATION  
January 30, 1995

I'm pleased to be here tonight to substitute for Leon Panetta. I can't give you the same insights into what's going on at the White House as he could--because he's more in the center of things there than just about anyone. But I can tell you what I see going on in the Congress, specifically the House, because we've had a very active four weeks.

I know there are a lot of different views in this room about the political revolution we had with the last election. Undoubtedly, on a personal level, many of you are quite pleased with the outcome. But I am here to tell you that whatever you think personally, everybody in this room in their roles as health care professionals should be scared to death about what is afoot. I firmly believe that we face a period in which devastating changes in our health care programs are ahead, changes which will threaten virtually every health care institution represented in this room.

We are looking at cuts in Medicare and Medicaid of unprecedented levels, we are looking at dramatic increases in the number of people without health care coverage, and perhaps worst of all, we are going to make these changes with no real examination of their impact or the damage they may bring.

It's no surprise to you that I am totally against large cutbacks in Medicare and Medicaid. You'd expect me to disagree with the direction I see policy going. But in some sense what is most frightening to me--and it should be to you as well--has been the way the new majority is going about making changes. We've seen with the unfunded mandates bill, with the balanced budget amendment, with the regulatory moratorium, and with the regulatory reform bill which is next on the schedule to rush through, that they do not want to understand the implications of what they are doing, nor do they want the public to understand. Bills of absolutely sweeping scope are being rushed through either without hearings or with the most perfunctory examination. Debate is cut off, amendments are voted down without consideration of the issue they are trying to address, bills are divided among Committees so nobody gets a clear picture of the overall impact of the legislation. Further, the issues are presented in terms that mask the real impact on real people and programs. We don't talk about undoing environmental protections--we talk about regulatory reform. We don't talk about crippling our ability to address social and environmental problems, we talk about stopping unfunded mandates. We don't talk about leaving millions of low-income people without any support system--we talk about block grants. We don't talk about massive cuts in Medicare and Medicaid, we talk about caps on growth and somehow restructuring the programs. What we are really talking about here is a recipe for disaster.

I know many of you have been frustrated in the past with the kinds of changes we have made in reconciliation bills. We have made large cuts, frequently under tight time deadlines, and without the normal legislative process of allowing time for consideration and reconsideration to understand fully the impacts of what we were doing. I have talked to many of you in the past about my own frustration at being required to make such major program changes in the context of a budget bill. But those actions, frustrating as they were, are going to seem like an open and carefully reasoned process compared to the way legislation is going to proceed under the balanced budget amendment. Probably no comment was more insightful than the one made by Majority Leader Armey when he said they couldn't possibly explain how they were going to get to a balanced budget before they adopted the amendment--if Members understood what they were going to have to do, they'd buckle at the knees was, I believe, how he put it.

For people who have devoted their lives to bringing health care to people, for people who have struggled to maintain the quality and economic viability of their hospitals, for people who run institutions which are truly the only safety net for many poor people--those words should scare you to death. And they certainly should make you determined to fight back every step of the way to make sure that there isn't a person in Congress who doesn't understand that what they are voting on is going to have real and serious consequences for health care.

Don't let them get away with saying this is only a cap--if you can't cap inflation and you can't (and don't want to) cap health care technology, and you can't cap the aging of the population, then you can't cap health care programs without making deep reductions in them. Don't let them say, oh we'll be able to live with less dollars because we'll have managed care. Trying to run a managed care plan with an inadequate capitation rate is going to be as bad or worse than facing direct cuts in reimbursement. Pretending that not paying inflation is somehow not a real cut in support is wrong in a world where costs to you continue to go up.

If we try to reach a balanced budget in seven years and Social Security is off the table, we could be looking at as much as \$500 billion in Medicare savings over 7 years. If we cap Medicaid at 5% growth rate, Medicaid spending over 5 years could drop by about \$100 billion--\$31 billion of which would almost surely come from hospital payments. Think about it.

When you do, I think you'll start thinking about how to slow down this freight train, because it truly is heading for disaster. I look forward to working with you on this difficult task.